PROGRAMMING GUIDANCE
FMS and FMS Administrative Funding, POM-08
Fiscal Years 2008 – 2010
December 2005

Planning, Programming, Budgeting, and Execution (PPBE) in Support of the Security Cooperation Guidance

The purpose of this Programming Guidance is to align out year resources to integrate the themes, meet the objectives, and support priority partners as outlined in the November 22, 2005 Department of Defense Security Cooperation Guidance (SCG) and ensure the effectiveness of our business processes. It provides guidance to the security cooperation community for submission of the Program Objective Memorandum (POM), and sets targets for FMS and FMF Administrative funding over the period of Fiscal Years (FY) 2008-2010.

This guidance reflects the new fiscal reality for FMS and FMF Administrative funding. Our community continues to face an austere fiscal environment and past trends of expenditures exceeding Trust Fund receipts. The Program Decision Memorandum (PDM) for POM-07 (FY 2007-2009), signed out July 14, 2005, took steps to reduce community spending by nearly $19M over three years. That plan has been put into place. Other efforts are underway to address income and process efficiencies. This guidance sets targets for FY 2008-2010 that impose additional reductions in order to complete the DSAMS Training Module and convert DSAMS from the Forte computer language.

Now in its fourth cycle, the use of PPBE for FMS and FMF Admin uses a delta-based process, refining the database of resources established in earlier POM and budget cycles. We have transitioned to an on-line database and submission process. Many of the attachments and references which were previously included in the programming guidance as appendices have now been incorporated in the on-line Enterprise Planner. This guidance will be available at the DSCA PBM web site: https://www.sc-ppbe.net/. Improvements to the Enterprise Planner are continuing to make it more user-friendly and informative.

Information is arranged as follows:

- Section I. **Programming Resources: FMS and FMF Administrative Funding**
  - Analysis of POM-07 and FMS sales for FY 2005.
- Section II. **Future Fiscal Constraints: Targets for POM-08 Submissions**
  - Funding targets for FMS and FMF Admin funding

The Enterprise Planner contains guidance on the programming process, the use of automation, along with milestones and due dates. Program Element Definitions, Goals, and Measures, issued separately, will also be available on the Enterprise Planner.

Section I
Programming Resources: FMS and FMF Administrative Funding

A. An Analysis of POM-07. This section examines the resources that were approved in the last POM cycle, as published by the July 2005 Program Decision Memorandum. Although these resource levels change with new targets in Section II, we have the opportunity to examine IA and community priorities as reflected in the number below, by core function.

1. Total FMS and FMF Funding; By Core Function

The six core functions were established to group activities for the security cooperation community. It is useful to display the percentages of resources dedicated to these areas. The numbers in the tables below are based on numbers in the POM-07 PDM database, signed out in July 2005. The Business Sustaining core function is broken out into its program elements to better indicate what those resources support. Note also that funding in support of Security Assistance Offices (SAOs) actually supports a broad range of missions, but appears under Pre-LOR since all SAO funding comes under PE-6.

Army	FY 07	FY 08	FY 09	FY 07	FY 08	FY 09
Pre-LOR	6,365	5,368	5,917	7%	6%	7%
Case Development	9,525	9,150	8,191	11%	11%	10%
Case Execution	42,065	41,876	41,148	49%	50%	50%
Case Closure	703	696	710	1%	1%	1%
Business Sustaining						
--Work Force Development	1,055	1,049	1,045	1%	1%	1%
--General Administration	9,829	9,647	9,331	11%	11%	11%
--Headquarters Function	8,248	8,641	8,198	10%	10%	10%
--IT Systems	5,630	5,333	5,036	7%	6%	6%
Other Security Cooperation	2,180	2,280	2,380	3%	3%	3%
Grand Total	**85,600**	**84,040**	**81,956**	**100%**	**100%**	**100%**

Navy	FY 07	FY 08	FY 09	FY 07	FY 08	FY 09
Pre-LOR	4,695	4,475	4,477	8%	8%	8%
Case Development	6,789	6,489	6,189	12%	11%	11%
Case Execution	27,683	27,670	27,656	47%	48%	49%
Case Closure	2,000	2,000	2,000	3%	3%	4%
Business Sustaining						
--Work Force Development	778	779	780	1%	1%	1%
--General Administration	7,769	7,469	7,169	13%	13%	13%
--Headquarters Function	4,239	4,039	3,839	7%	7%	7%
--IT Systems	2,651	2,646	2,641	5%	5%	5%
Other Security Cooperation	1,682	1,782	1,882	3%	3%	3%
Grand Total	**58,286**	**57,349**	**56,633**	**100%**	**100%**	**100%**

Air Force	FY 07	FY 08	FY 09	FY 07	FY 08	FY 09
Pre-LOR	4,121	4,143	4,231	5%	5%	5%
Case Development	7,042	6,723	6,402	8%	8%	8%

	FY 07	FY 08	FY 09		FY 07	FY 08	FY 09
Case Execution	46,145	45,571	45,032		54%	54%	54%
Case Closure	1,557	1,559	1,562		2%	2%	2%
Business Sustaining							
--Work Force Development	1,180	1,121	1,117		1%	1%	1%
--General Administration	7,520	7,371	7,219		9%	9%	9%
--Headquarters Function	11,200	10,900	10,599		13%	13%	13%
--IT Systems	6,185	5,885	5,585		7%	7%	7%
Other Security Cooperation	1,300	1,400	1,500		2%	2%	2%
Grand Total	**86,250**	**84,671**	**83,248**		**100%**	**100%**	**100%**

DSCA	FY 07	FY 08	FY 09		FY 07	FY 08	FY 09
Pre-LOR	682	694	706		1%	1%	1%
Case Development	350	362	374		1%	1%	1%
Case Execution	1,431	1,475	1,519		3%	3%	3%
Case Closure	62	64	66		0%	0%	0%
Business Sustaining							
--Work Force Development	297	302	308		1%	1%	1%
--General Administration	4,215	4,309	4,403		7%	8%	8%
--Headquarters Function	33,008	31,164	30,746		58%	57%	57%
--IT Systems	14,455	14,014	13,628		25%	26%	25%
Other Security Cooperation	2,432	2,499	2,553		4%	5%	5%
Grand Total	**56,931**	**54,881**	**54,301**		**100%**	**100%**	**100%**

SAO/Combatant Commands (1)	FY 07	FY 08	FY 09		FY 07	FY 08	FY 09
Pre-LOR	69,940	72,429	75,379		100%	100%	100%
Case Development	0	0	0		0%	0%	0%
Case Execution	0	0	0		0%	0%	0%
Case Closure	0	0	0		0%	0%	0%
Business Sustaining							
--Work Force Development	0	0	0		0%	0%	0%
--General Administration	0	0	0		0%	0%	0%
--Headquarters Function	0	0	0		0%	0%	0%
--IT Systems	0	0	0		0%	0%	0%
Other Security Cooperation	0	0	0		0%	0%	0%
Grand Total	**69,940**	**72,429**	**75,379**		**100%**	**100%**	**100%**

(1) This represents the SAO/CC PE 6 effort which technically come under Pre-LOR, however they do a variety of SA functions. SAO/CCs receive 17-19% of the FMS & FMF program.

Other Agencies (2)	FY 07	FY 08	FY 09		FY 07	FY 08	FY 09
Pre-LOR	507	447	201		1%	1%	0%
Case Development	210	211	211		0%	0%	0%
Case Execution	29,716	29,216	28,716		63%	63%	63%
Case Closure	63	63	63		0%	0%	0%
Business Sustaining							
--Work Force Development	5,898	6,013	6,232		12%	13%	14%
--General Administration	66	65	65		0%	0%	0%

--Headquarters Function	826	838	851	2%	2%	2%
--IT Systems	10,007	9,440	8,955	21%	20%	20%
Other Security Cooperation	0	0	0	0%	0%	0%
Grand Total	**47,294**	**46,294**	**45,294**	**100%**	**100%**	**100%**

(2) DIILS, DCMA, DFAS, DISA, DISAM, DSADC, DLA, NGA, NSA

FMS & FMF TOTALS	FY 07	FY 08	FY 09	FY 07	FY 08	FY 09
Pre-LOR	86,311	87,556	90,911	21%	22%	23%
Case Development	23,916	22,934	21,367	6%	6%	5%
Case Execution	147,040	145,809	144,071	36%	36%	36%
Case Closure	4,385	4,382	4,401	1%	1%	1%
Business Sustaining						
--Work Force Development	9,209	9,265	9,482	2%	2%	2%
--General Administration	29,400	28,861	28,188	7%	7%	7%
--Headquarters Function	57,521	55,582	54,233	14%	14%	14%
--IT Systems	38,927	37,317	35,845	10%	9%	9%
Other Security Cooperation	7,594	7,961	8,315	2%	2%	2%
Grand Total	**404,302**	**399,666**	**396,811**	**100%**	**100%**	**100%**

Note: Based on the POM-07 PDM database. Dollars in Thousands, totals may not add due to rounding.

2. Average Work Year (WY) Costs

Civilian pay comprises the largest portion of our resources. Below is an analysis of average work year costs between the largest IAs and DSCA. This compares both FMS and FMF funding sources for civilian payroll estimates and reported manpower work years, as shown in the Enterprise Planner. FY 2005 numbers are actuals, FY 2006 is budget estimates and FY 2007 is IA estimates from PDM-07. The comparison also includes the headquarters missions of similar organizations for both FMS and FMF funding for the same period. IAs must continue to examine their own work year costs to ensure that the relationship of costs to functions and responsibilities is appropriate.

	FY05 Budget/Actual			FY06 Budget			FY07 PDM		
FMS Totals	Civ Pay $K	Manpower WY	Average W/Y $K	Civ Pay $K	Manpower WY	Average W/Y $K	Civ Pay $K	Manpower WY	Average W/Y $K
Air Force	72,355	876.7	82.5	71,470	848.6	84.2	72,033	825.3	87.3
Army	73,999	879.2	84.2	70,347	810.2	86.8	69,493	775.6	89.6
Navy (e)	39,754	439.6	90.4	41,018	435.6	94.2	42,380	431.1	98.3
DSCA HQ	17,303	154.0	112.4	17,640	150.0	117.6	15,196	134.0	113.4
DFAS	20,489	279.3	73.4	21,554	277.2	77.8	20,924	268.5	77.9
DISAM	3,600	40.0	90.0	3,743	39.0	96.0	3,949	39.0	101.3
DSADC	9,253	100.0	92.5	9,678	101.0	95.8	9,264	95.0	97.5
Total FMS	236,753	2,768.9	85.5	235,450	2,661.6	88.5	233,239	2,568.5	90.8
FMF Totals	Civ Pay $K	Manpower WY	Average W/Y $K	Civ Pay $K	Manpower WY	Average W/Y $K	Civ Pay $K	Manpower WY	Average W/Y $K
Air Force	881	13.3	66.2	955	13.0	73.4	1,009	13.5	74.7
Army	1,351	17.7	76.3	1,373	18.0	76.3	1,592	15.0	106.1
Navy (e)	1,072	12.0	89.3	1,294	13.4	96.3	1,345	13.8	97.8
DFAS	637	9.3	68.5	688	9.4	73.5	685	8.4	81.5

| | Total FMF | 3,941 | 52.3 | 75.4 | 4,309 | 53.8 | 80.1 | 4,630 | 50.7 | 91.4 |

(e) Includes Coast Guard military personnel figures.

Headquarters Mission/FMS	FY05 Budget/Actual			FY06 Budget			FY07 PDM		
	Civ Pay $K	Manpower WY	Average W/Y $K	Civ Pay $K	Manpower WY	Average W/Y $K	Civ Pay $K	Manpower WY	Average W/Y $K
SAFIA	2,064	18.7	110.4	2,231	19.7	113.2	2,241	18.4	121.8
DASA DEC	1,695	14.0	121.1	1,930	15.0	128.7	2,137	17.0	125.7
NAVY IPO	5,684	53.0	107.3	6,396	56.0	114.2	6,176	54.0	114.4
DSCA HQ	17,303	154.0	112.4	17,640	150.0	117.6	15,196	134.0	113.4
HQ Mission Total FMS	47,617	518.3	91.9	49,973	530.2	94.3	43,083	484.3	89.0

Headquarters Mission/FMF	Civ Pay $K	Manpower WY	Average W/Y $K	Civ Pay $K	Manpower WY	Average W/Y $K	Civ Pay $K	Manpower WY	Average W/Y $K
SAFIA	58	0.6	96.7	60	0.6	99.2	62	1.2	51.3
DASA DEC	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
NAVY IPO	221	2.0	110.5	255	2.5	102.0	216	2.0	107.9
HQ Mission Total FMF	7,813	145.0	53.9	11,233	169.6	66.2	7,337	169.0	43.4

B. FMS Sales: A Review of Fiscal Year 2005

One way to examine community activity is to review the level of sales via FMS. This snap-shot of FMS activity in the past fiscal year indicates the workload involved, especially in Case Development. We will continue in the coming months to examine and share data on other financial, workload and performance indicators. The evolution from Security Assistance to Security Cooperation means that other, non-FMS, programs grow in size and significance. As non-FMS programs and funding sources grow, such as U.S. appropriated funding for Train and Equip, we include those amounts in our calculations.

FY 2005 FMS END OF YEAR ACTIVITY				
IA	FMS Sales ($ Millions)	Percent Of Total	LORs*1 Rec'd	Number Of LOAs *1
ARMY	3,268.70	33%	2472	883
NAVY	2,954.60	30%	1448	519
AIR FORCE	3,588.20	36%	1614	424
DISA	2.80	-	17	9
DCMA	1.10	-	20	16
NSA	27.50	-	286	192
DLA	2.40	-	16	9
NGA	31.70	-	36	10
DTRA	4.30	-	-	-
DSCA	-	-	5	1
TOTAL	9,881.30	100% *2	5914	2063

*1 – Data taken from PBCIS on-line Activity Database; summary by quarter of LORs (Received date) and LOAs (Implemented date)
*2 – Rounding

Section II
Future Fiscal Constraints: Targets for POM-08 Submissions

A. Resource Priorities

1. IT Investments. This section identifies the approximately $13M annually addressed in reference (a) to support the DSAMS Training Module and conversion of the DSAMS programming language (Forte) in that memorandum. The tables that follow provide targets, without raising the top line identified in the POM-07 PDM. Rather than impose one across-the-board reduction, DSCA has examined future priorities, discussed below, and translated them into reductions by program element and object classification. These offsets are to be used exclusively for these two major IT projects. Any unused balance for DSAMS-TM and Forte Conversion will be returned to the community.

2. Topline Numbers. The topline numbers reflect a reduction in overall resource levels throughout the community, resulting from the decline in FMS Admin Trust Fund receipts. They also include the additional funding for DSAMS Training Module and Forte conversion in FY 08 and 09. FY 10 is founded on the idea that the community has implemented the necessary reductions, and then allows normal cost of living increases based upon OMB published inflation rates. It also includes funding to support validation and the initial investment in improved automation of Case Execution management, in whatever form that takes. And it permits the investment in needed upgrades to key legacy systems.

3. Areas for Reductions and Associated Priorities. Reductions in program element targets were as follows:

PE-1, Support FMS. Reduce the investment in Pre-LOR. Target lowering the cost of travel and briefings. Require investments to be focused on specific coalition capabilities. Use O&M more extensively to cover costs where appropriate. Use PE-4 (Responding to RFP's) to pay for specific tasks that help program offices respond to foreign requirements.

Travel. Target reductions in the travel object classification in the following areas: PE-15, Logistics; PE-16, Finance; PE-20, Workforce Development; PE-23, Headquarters Functions; PE-27, EUM; and PE-32, IMET.

PE-15, Logistics. Reduce FMS Admin support for programs that are either inappropriate or are no longer current.

PE-20, Workforce Development. Reduce the total cost of GMAP II to match the available number of candidates.

PE-22, General Administration. Take steps to reduce the cost of General Administration by 10%.

PE-23, Headquarters Functions. Take steps to reduce the cost of DSCA Headquarters, by 10 billets, beyond the reductions now in the POM database.

PE-26, Information Management. Limit the amount of FMS Admin for computer systems, LAN, etc. Set a cap by per person of $2K for the cost of the LAN operations.

PE-27, End Use Monitoring (EUM). Reduce EUM expenditures where possible.

3. Community Programs. The tables that follow reflect the inclusion of "Community Programs" as a special category, separate from DSCA Headquarters, to show the DSCA managed investment that supports the whole security cooperation community. This section is composed of DSAMS, Portal, DISA, and Security Assistance Network (SAN) investments. This breakout will be reflected in the Enterprise Planner and in the Final PDM signed out in June 2006.

B. FMS and FMF Admin Targets for POM-08.

1. Overview. The targets that follow will be entered in the Enterprise Planner and will be used, given the delta-based process, for IA's to request changes where necessary. The submission process involves the use of Zero Balance Transfers, Initiatives, and Disconnects – along with justifications – to arrive at the appropriate level of resources. Detailed process guidance will be posted on the Enterprise Planner.

2. Allocations. Following are the a summary of top line numbers by year and claimant, then by the detailed numbers by program element:

FY 08 – FY 10 FMS Admin Target Summary

IA	FY 08	FY 09	FY 10
Army	$78,576	$76,715	$79,323
Navy	$53,310	$52,485	$54,270
Air Force	$79,915	$78,388	$81,053
DSCA	$29,430	$30,079	$33,861
Community	$29,668	$28,190	$26,153
SAOs/Combatant Commands	$36,748	$38,205	$39,504
DIILS	$30	$30	$31
DCMA	$614	$614	$635
DFAS	$26,437	$25,920	$26,801
DISA	$245	$245	$253
DISAM	$6,721	$6,714	$6,942
DSADC	$9,500	$9,000	$9,306
DLA	$285	$285	$295
NGA	$610	$610	$631
NSA	$910	$910	$941
Total	**$353,000**	**$348,391**	**$360,000**

FY 08 – FY 10 FMF Admin Target Summary

IA	FY 08	FY 09	FY 10
Army	$1,880	$1,985	$2,052
Navy	$1,588	$1,691	$1,748
Air Force	$1,399	$1,499	$1,550
DSCA	$5,156	$5,117	$5,291
Community	$263	$254	$0
SAOs/Combatant Commands	$35,681	$37,175	$38,439
DFAS	$697	$700	$724
Total	**$46,664**	**$48,421**	**$49,805**

Note: *Dollars in Thousands, totals may not add due to rounding*